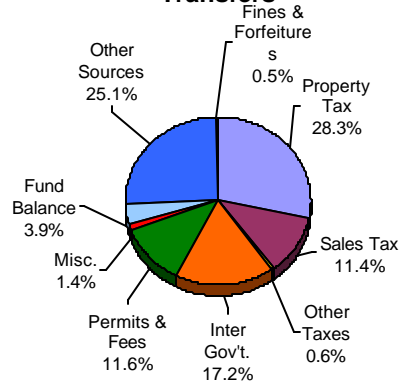


The budget is a plan used by the Board of Commissioners and County staff for coordinating the use of revenues (income) and expenditures (expenses) to meet the needs of County residents. It is a formal process used by the County to plan for the future. Budget documents help citizens understand how their tax dollars are being spent. The Approved Budget provides information on where money comes from (revenues) and, in turn, where it goes (expenditures).

2004/05 REVENUES

Excluding Interfund

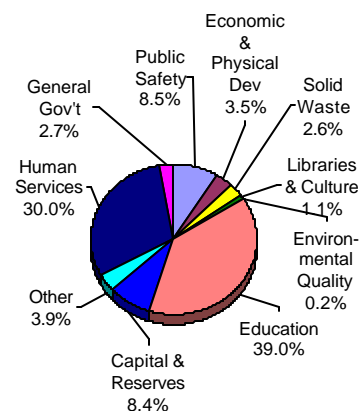
Transfers

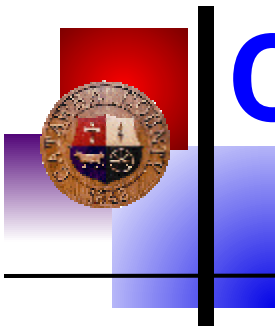


2004/05 EXPENDITURES

Excluding Interfund

Transfers





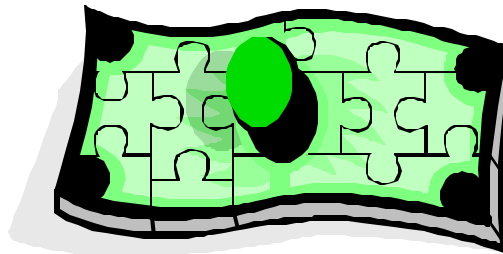
Catawba County, North Carolina

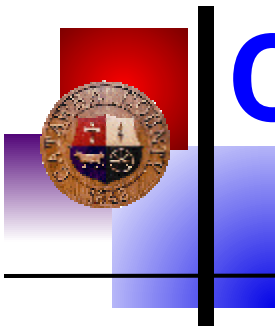
Why do we Budget?

An annual budget is created to establish a spending plan for County government. The budget is used to convert the County's long-term plans and policies into viable services and programs. Fiduciary responsibility to the taxpayers requires that the County maintain tight control over revenues and expenditures.

The budget is the financial plan for County operations for the fiscal year beginning July 1, 2004, and ending June 30, 2005. The budget shows the source of revenue and how these sources will be spent. It also contains outcomes, goals, and objectives the County departments have set for the year. The budget and the audit are the key financial documents that the County uses to illustrate its financial plans and status. The budget looks ahead to the coming year and shows how funds plan to be spent, while the audit shows the County's year-end financial condition. The audit document is produced annually a few months after the end of each fiscal year (October or November) while the budget is produced annually at the beginning of each fiscal year (final copies are usually made available to the public in mid-July).

In addition to being sound fiscal practice, the County is also statutorily required to develop a budget. North Carolina General Statutes dictate that the County annually submit a balanced budget and undergo an annual financial audit.





FISCAL YEAR 2004/05 BUDGET CALENDAR

Monday, December 8, 2003

Budget Kick-Off – 2nd Floor Meeting Room, 4:00 p.m.

December 2003 – January 2004

Budget Training – as needed

Friday, January 9, 2004

Mid-year report on outcomes due from all departments

Friday, February 6, 2004

All budgets and outcomes are due from all departments, schools, and outside agencies. All requests keyed into system, including all detail and justification sheets. Please be reminded... when requesting additional positions, job descriptions and an ADA checklist **must** be sent to the Budget Office and to Personnel.

Monday, March 22, 2004

Recommended budget sent to County Manager

Monday, March 29, 2004, Tuesday, March 30, 2004, Wednesday, March 31, 2004

First round budget hearings with County Manager

Monday, April 5, 2004, Tuesday, April 6, 2004

Second round hearings with Manager as needed

Monday, May 17, 2004

County Manager's recommended budget sent to Board of Commissioners

Tuesday, May 18, 2004

Press Conference

Monday, May 24, 2004

Board of Commissioners' hearings with departments

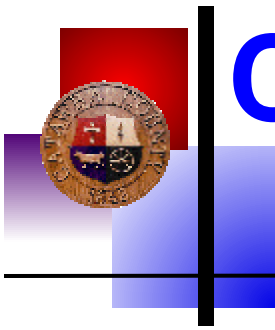
Tuesday, May 25, 2004

Public Hearing and Wrap-up

Monday, June 7, 2004

Budget Adoption





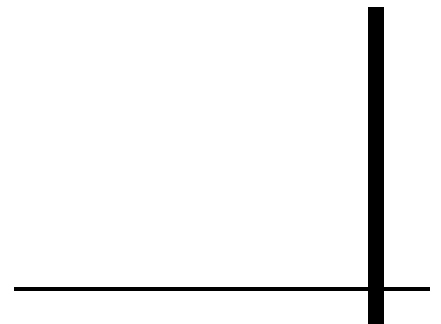
Catawba County, North Carolina

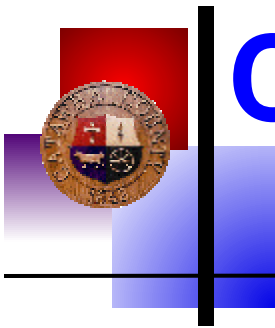
The County's Financial Structure

As a means of tracking and accounting for money, the operations of the County are divided into Funds. The easiest way for most people to think about funds is to compare them to bank accounts. Money comes into a fund from a variety of sources and is then used to provide services to the public. As with a personal bank account, funds have to take in at least as much money as they spend, and by law, budgets for funds must be balanced. What this means is a governmental unit cannot plan to spend more than it will take in. Catawba County has forty-three (43) funds with the largest being the General Fund.

The County uses four basic fund types: General, Special Revenue, Capital, and Enterprise. Each of these fund types has its own specific legal and accounting requirements. Appropriations lapse at year-end in the General, Special Revenue, and Enterprise Funds, for which annual budgets have been legally adopted. The Capital Projects Funds budgets are adopted on a project ordinance basis, spanning more than one year. Appropriations are carried over in these funds until the project is completed.

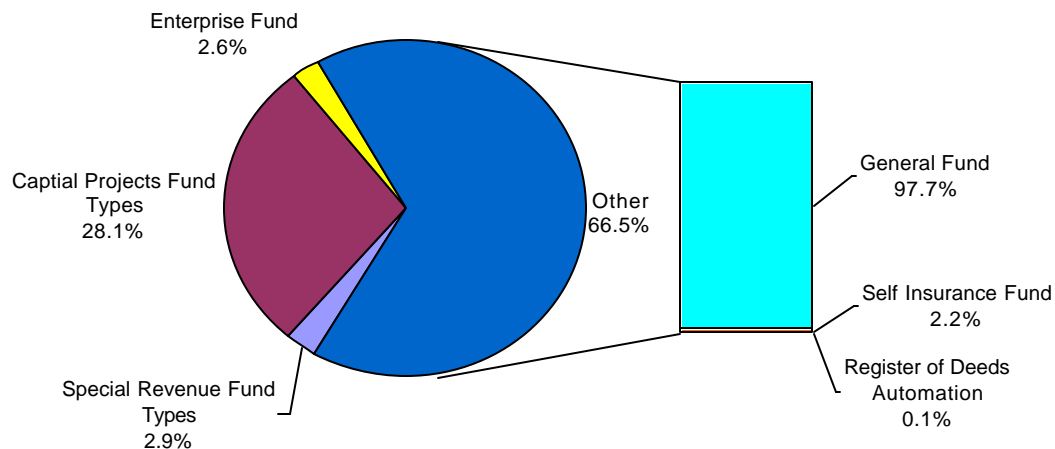
Each fund also has its own fund balance. Fund balance represents monies that remain unspent after all budgeted expenditures have been made. These unspent monies serve as a working capital reserve to pay expenditures in the early part of the fiscal year before taxes are collected. The fund balances are also available for appropriation or may be saved for major capital expenditures.

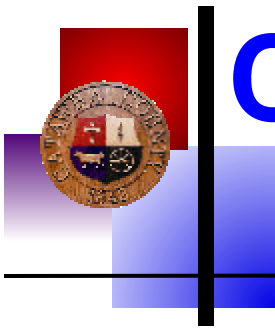




The General Fund is the principal fund used to account for the provisions of governmental services. This fund summarizes the financial transactions of functional services, based on departmental operations, except for those transactions that must be accounted for separately in other funds. Fund balance in the General Fund at the end of Fiscal Year 2003 was \$17,630,830 or 11.8% of the current 2003/04 General Fund budget as it stood at mid-year. The Fiscal Year 2004/05 budget applies \$2,686,595 General Fund Fund Balance. Conservative revenue and expenditure projections used in the budget are expected to create an ending fund balance on June 30, 2005, of \$19,000,000 or 12.3% of the General Fund Budget. The Local Government Commission, an office of the North Carolina State Treasurer's Office, recommends that counties the size of Catawba maintain a minimum of 8-1/2% general fund fund balance.

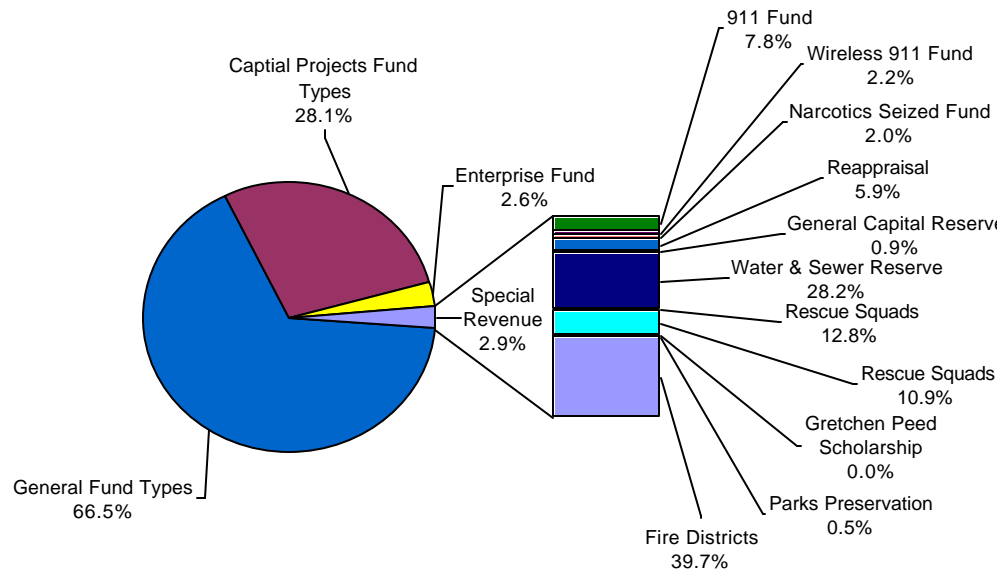
**General Fund Types comprise \$156,981,770 of the approved
\$236,188,820 Fiscal Year 2004/05 Budget**

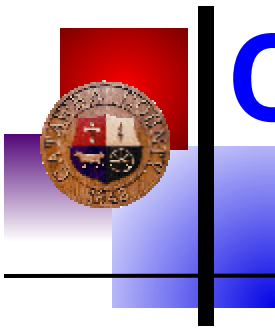




Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for special purposes. Fund balances in the special revenue funds at the end of Fiscal Year 2003 totaled \$17,748,408 and is estimated to reach \$18,025,000 by June 30, 2005.

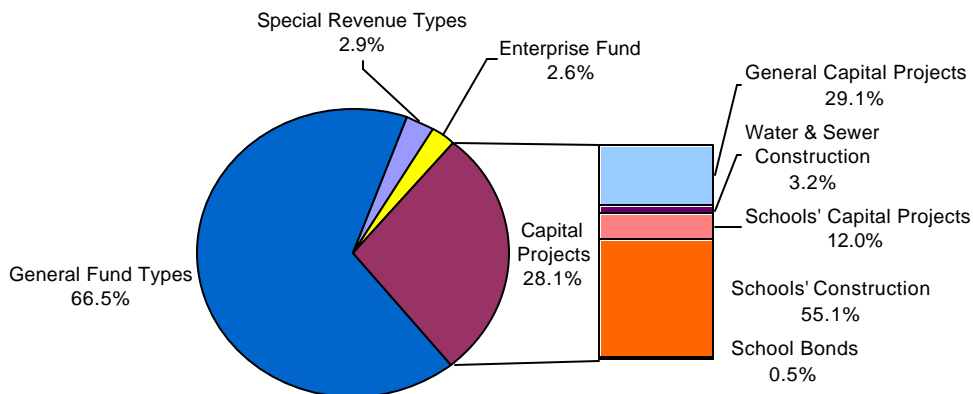
Special Revenue Fund Types comprise \$6,846,923 of the approved \$236,188,820 Fiscal Year 2004/05 Budget

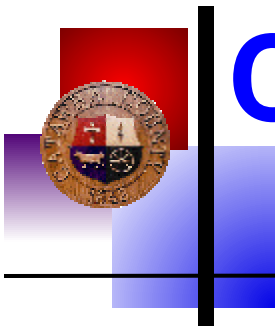




Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The County maintains a separate Schools' Capital Projects Fund, General Capital Projects Fund, Hospital Construction and Operations Fund, Water and Sewer Construction Fund, Water and Sewer Reserve Fund, and Capital Projects Reserve Fund for accounting and budgeting purposes. Capital Projects Funds had a fund equity of \$33,587,313 on June 30, 2003, with an estimated fund equity of \$28,015,000 as of June 30, 2005.

**Capital Projects Fund Types comprise \$66,312,134
of the approved \$236,188,820 Fiscal Year 2004/05 Budget**





The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing service to the general public on a continuing basis be financed or recovered primarily through user charges. The County has one enterprise fund, the Solid Waste Management Fund. As of June 30, 2003, the Solid Waste Management Fund had a fund equity of \$23,600,737.

**Enterprise Fund Types comprise \$6,047,993 of the approved \$236,188,820
Fiscal Year 2004/05 Budget**

